The Economics of Coping: the Plight of Women in Iraq's Informal Economy

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The author analyzes the role of women in the Iraqi economy, especially the informal sector, in recent times and considers the effect that changes to their role in the economy have had and will have. The paper argues that Iraqi women working in the informal sector face a difficult future the nature of which will depend largely on their educational background, Ba'athist ties during the former regime, the strength of various religious groups opposed to women pursuing activities outside the household, and the areas in which women attempt to pursue a career.

Key Words: The Iraqi economy; women in the economy; the legal status of women; the invisible economy; the informal economy; the shadow economy; the coping economy; the Ba'ath Party; the Shiites.

Introduction

The invisible economy, the informal economy, the shadow economy the spontaneous economy: these are relatively new terms coined to describe a phenomenon that does not appear in the conventional statistical analysis of economics. This phenomenon is individual labor effort that is unnoticed, uncounted and unacknowledged. Since such "informal" work is performed daily by thousands of Iraqi laborers but is not included in the country's national income statistics, our image of how that country's economy is performing is likely to be significantly underestimated.

The informal economy in Iraq has notable diversity and heterogeneity in terms of services and commodities offered, scale of activity, official recognition, relative labor-capital inputs and location. More importantly, Iraq's informal economy is testament to the entrepreneurial abilities of the country's poorest citizens. It is a mixed blessing though. While it absorbs thousands who have no way of participating in the formal economy, it is by nature precarious. Critics point to urban congestion from unregulated downtown street stalls and to health hazards from food prepared in unsanitary conditions. The line between

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the informal economy and urban crime is often blurred – street vendors often sell stolen goods, unlicensed taxi drivers sometimes sell drugs or even rob their passengers.

One of the challenges facing a new Iraqi government will be that of finding ways to encourage the entrepreneurial spirit in the informal economy but at the same time to formalize it enough that some of its more negative elements are reduced. In designing strategies for building on Iraq's informal economy, policymakers will have to take into account several of its present characteristics:

- A large proportion of those involved in the informal economy are women and children, reflecting their impoverishment and frequent exclusion from the formal economy.
- By nature the informal economy is mostly unregulated and untaxed. This accounts for its dynamism, but also limits its ability to contribute to the formal economy and
- Most significantly – it is growing.

The sections below examine Iraq's informal economy from the perspective of its main constituency, women. What are the main areas of non-farm activity carried out by women? How are these activities changing as the country experiences prolonged instability and uncertainty? What are the prospects for improving the condition of women in the country's labor force and progression from the informal economy to that of formal economic activity?

Iraq's Three Informal Economies

Before assessing the situation of women in today's Iraqi economy, it is important to first examine the context in which they find themselves. In many areas of Iraq, the insurgency is dramatically affecting the informal economy through its impact on their daily lives[2]. Not only are women becoming the victims of direct injury and death, but non-combatants lose every aspect of normalcy. The path to school or the marketplace becomes a dangerous journey. With food, electricity and medical attention in short supply, misery multiplies and the amount of time taken up by simply trying to survive takes a high toll on any efforts

[2] "Windows of Opportunity: The Pursuit of Gender Equality in Post-War Iraq," Women for Women International Briefing Paper (January 2005), p.9.

to elevate one's earnings or earning potential.

The economic ramifications of past actions under the Saddam Hussein regime as well as the difficulties brought on by the insurgency create an informal economy in Iraq quite different from that normally found in other countries throughout the Middle East[3]. In many parts of the country women and children find themselves in a situation that has many of the classic features of war economies. While in Iraq's case many of the motives underlying the insurgency differ from those in other conflict states, their actions and economic strategies show some similarity to insurgent groups in other parts of the world[4] including:

- The destruction or circumvention of the formal economy and the growth of informal and black markets, effectively blurring the lines between the formal, informal, and criminal sectors and activities;
- Pillage, predation, extortion; and deliberate violence against civilians is used by extort ransoms, capture trade networks and diaspora remittances, and exploit labor;
- High decentralization, both in the means of coercion and in the means of production and exchange;
- The use of licit or illicit exploitation of trade in lucrative natural resources;
- The reliance on cross border trading networks, regional kin and ethnic groups, arms traffickers and mercenaries, as well as legally operating commercial entities, each of which may have a vested interest in the continuation of conflict and instability.

To adequately assess the different functions of war economies, Jonathan Goodhand[5] divides the informal economy into three distinct sub-groupings: the "combat", "shadow" and "coping" economies (Table 1). While overlapping somewhat in the Iraqi case, each of these economies encompasses a distinct set of actors, motivations and economic activities. The fact that these three economies are interrelated

[3] Excellent case studies from many Middle Eastern countries are found in Richard A. Lobban, Jr. ed., Middle Eastern Women and the Invisible Economy (Gainesville: University Press of Florida, 1998).

[4] Karen Ballentine and Heiko Nitzschke, "The Political Economy of Civil War and Conflict Transformation," Berghof Research Center for Constructive Conflict Management

[5] Jonathan Goodhand," Afghanistan," in M. Pugh et al., War Economies in a Regional Context: Challenges of Transformation (Boulder: Lynne Rienner Publishers, 2004).

means developments in each can have significant implications for the plight of women in both the informal and formal sectors of the economy.

The is based on economic interactions that directly sustain actual combat. It is dominated by a variety of actors, including the insurgents, elements of organized crime, as well as domestic and foreign "conflict entrepreneurs" who supply the necessary weapons and military material. Generally, the combat economy serves to fund the war effort of the insurgents as well as to achieve the insurgents' political objectives. In Iraq, the preferred means of resource generation include robbery/theft, kidnappings, and various black market activities. Outside agents include former Ba'athist party members and relatives of Saddam Hussein in Syria and neighboring countries who are using their ill-gotten fortunes[6] to fund the insurgency's operations in Iraq

The encompasses the broad range of informal economic relationships that fall outside state-regulated frameworks. Key actors are a range of less scrupulous "conflict profiteers including petty criminals who seek to benefit from the business opportunities that that open up in highly unregulated and chaotic war situations.

Many of these groups were originally formed in the 1990s in response to the high profit margins created by the UN imposed sanctions on Iraq. The shadow economy was credited for propping up the economy during those turbulent years. While most of the goods and services that they produced did not register in the government's books, the income they generated enabled Iraqis to survive the crises, work and feed themselves.

Scores of the cross-border relationships cultivated by the various smuggler/criminal groups at the time are still in place and operational at the present time. Goodhand observes that the shadow economy is frequently already widespread before the outbreak of conflict and is a permissive factor for conflict when it contributes to violent state collapse. Or it serves as a source of income to would-be-rebels. Once conflict erupts, shadow economies are easily captured by combatants and thus often become the basis for the combat economy[7]. This has

[6] "Oil Stained," Newsday (February 13, 2005); Douglas Jehl, "U.S. Aids Say Kin of Hussein Aid Insurgency," New York Times (July 5, 2004).

[7] Goodhand, op. cit.

Table 1
Economies, Actors, Motives and Activities During Armed Conflict

	The Combat Economy	The Shadow Economy	The Coping Economy
Who? Key Actors	Commanders, "conflict entrepreneurs", fighters, suppliers of weapons	Profiteers, transport sector, businessmen, drug traffickers, "downstream" actors (truck drivers, poppy farmers	Poor families and communities
Why? Motivations and Incentives for war and Peace	To fund the war efforts or achieve military objectives. Peace may not be in their interest as it may lead to decreased power, status, and wealth. Fighters may have an interest in peace if there are alternative sources of livelihoods available.	To make a profit on the margins of a conflict. Peace could be in their interest if encourages long term investment investment and licit entrepreneurial activity. Peace requires alternatives to the shadow economy; otherwise a criminalized war economy will become a criminalized peace economy.	To cope and maintain asset bases through low risk activities, or to survive through asset erosion. Peace could enable families to move beyond subsistence.
How? Key Activities and Commodities	Taxation of licit and illicit economic activities; money; arms, equipment; economic blockages of dissenting areas; asset stripping and looting; aid manipulation	Smuggling of high-value commodities; mass extraction of natural resources; Hawalla currency order and exchange system); aid manipulation.	Employment of diverse Strategies to spread risk; subsistence Agriculture; petty trade and small businesses; on-farm and off-farm wage labor; labor migration and remittances; redistribution through family networks

humanitarian and
rehabilitation assistance.

Source: Karen Ballentine and Heiko Nitzanche,
The Political Economy of Civil War and Conflict Transformation

happened. Finally, the comprises those numerous economic interactions during armed conflict that provide benefits to the civilian population, particularly the poor and most vulnerable. These functions are even more important to civilian livelihoods where the formal economy and traditional livelihoods are destroyed or rendered difficult or impossible to sustain. The coping economy includes a wide range of activities including subsistence agriculture, petty trade, and various out of the household businesses – catering, food processing and the line.

Of the country's three main economic sectors, it's reasonable to assume that the coping economy has a disproportionate share of the country's poverty. Recent data released by the Ministry of Labor and Social Affairs indicate that about 5 million Iraqis are living under the poverty line, compared with 143,000 in 1993[8]. Significantly the Ministry noted that more than one million Iraqi women aged between 25 and 40 were unmarried while divorce cases were increasing as was child labor. It is reasonable to assume that this group of women is firmly entrenched in the coping economy.

Women in the Informal Economy:

International Comparisons

While precise data on the participation of women in the Iraqi coping economy is extremely sketchy, some patterns from other countries can assist in arriving at some general orders of magnitude. Here the main patterns emerge [9] (Table 2):

The dominant trend is one of women being over-represented in the informal economy

The informal sector is the primary source of employment for women in most developing countries. Furthermore, the majority of economically

[8] "Five Million Iraqis Live Under Poverty Line: Report," Xinhua News Agency (February 12, 2004).

[9] Martha Alter Chen, "Women in the Informal Sector: A Global Picture, the Global Movement," SAIS Review XXI:1 (Winter-Spring 2001), pp.74-76.

Table 2
Composition of the Informal Sector, 1991-97

	Percentage of the Non-Agricultural Labor Force in the Informal Sector		Women's Share of the Non-Agricultural Informal Sector Labor Force
	Men	Women	
Region/Country			
Africa			
Benin	97	62	83
Chad	97	53	59
Guiena	84	37	61
Kenya	83	60	59
Mali	96	59	91
South Africa	30	61	14
Tunisia	39	18	52
Latin America			
Bolivia	74	51	55
Brazil	67	47	55
Chile	44	46	31
Colombia	44	50	42
Costa Rica	48	40	46
El Salvador	69	58	47
Honduras	65	56	51
Mexico	55	44	44
Panama	41	44	35
Venezuela	47	38	47
Asia			
India	91	23	70
Indonesia	88	43	69
Philippines	64	46	66
Thailand	54	47	49

Source: The World's Women 2000:Trends and Statistics
(New York: United Nations, 2000). Chart 15.3, p. 122

active women in developing countries are engaged in the informal sector.

The informal sector is a larger source of employment for women than for men. The proportion of women workers in the informal sector exceeds that of men in most countries.

In many countries, women's share of the total informal workforce

outside of agriculture is higher than that of men.

The composition of the female informal workforce varies somewhat across regions. In many African countries, almost all women in the informal sector are either self-employed or unpaid workers in family enterprises. In many countries in Latin America and Asia, although the majority of workers are self-employed or contributing family members, at least 20 percent of women in the informal sector are casual wage workers.

Several other common patterns typify women's participation in the informal economy. They are more likely to be own account workers, i.e., self-employed working by themselves, and subcontract workers and are less likely to be owner operators or paid employees of informal enterprises. The vast majority of women in the informal sector are home-based workers or street vendors. In this regard approximately 85 percent of home-based workers across countries are women.

Table 3

Women Street Traders in the Informal Economy

	Informal Sector as a Share of:		Women Tradsers as a Share of:	
	Total Trade Employment	Total Trade GDP	Total Informal Trade Employment	Total Informal Trade GDP
Africa				
Benin	99.10	69.80	92.20	64.30
Burkina Faso	94.70	45.70	65.90	30.10
Chad	92.20	66.70	61.80	41.20
Kenya	84.90	61.50	50.20	27.30
Mali	98.10	56.70	81.30	46.10
Tunisia	87.60	55.60	7.90	4.40
Asia				
India	96.40	90.00	12.40	11.20
Indonesia	93.00	77.20	49.30	38.00
Philippines	73.10	52.30	72.00	21.60

Source: Jacques Charmes, Street Vendors in Africa: Data and Methods (New York: United Nations Statistical Division, 1998).

Finally informal traders, mainly street vendors, represent (Table 3)

a very high proportion (73-99%) of employment in trade and a significant share (50 to 90 percent) of trade Gross Domestic Product. Street vendors constitute a significant share of total employment in the informal sector and street vending units constitute a significant share of total enterprises in the informal sector. Women account for between 50 and 90 percent of informal employment in trades, except in those countries share social norms restrict women's mobility outside the home, such as Tunisia and India (Table 3).

The restrictions on Iraqi women are likely to be similar to those in Tunisia, so it is reasonable to expect that women even during normal times will be more confined to areas of the informal economy outside of trading. In fact, in Iraq's current environment one finds even fewer women is working in the markets and as street venders. Accounts abound of poor women, who occupied informal sector jobs in markets and in the streets, forced to stop working out of constant fear of violence and attack. The somewhat predictable violence that was the hallmark of the Hussein regime was transformed in the post-invasion period into general violence. Fear of abduction, rape, and murder keep many women confined to their homes.

Even casual observers note the marked absence of women vendors, particularly in Baghdad, but increasingly through Iraq[10]. In essence, the conflict economy has had a disproportionate negative impact on this important segment of the coping economy

As of ten months after the fall of Saddam Hussein Iraqi women have only just started to leave their houses to carry out ordinary tasks such as taking their kids to school, shopping or visiting neighbors. They do so despite the risk of kidnapping or worse. It is women and children who bear the brunt of the absence of law and order, the lack of security and the availability of weapons[11].

As violent conflict continues, female heads of household in particular face a significant economic burden as work in the formal sector has contracted. Women are currently most likely to engage in selling products from home, catering, or in small-scale agriculture. However,

[10] Windows of Opportunity: The Pursuit of Gender Equality in Post-War Iraq, Women for Women International Briefing Paper (January 2005), p.14.

[11] Haifa Zangana, "Why Iraqi Women Aren't Complaining," The Guardian, February 19, 2004.

the constraints posed by the insurgency through creating inadequate electricity, water, and other supplies directly impact their economic situation to the extent that the overwhelming majority of women are not earning any income[12].

The conflict economy is only one factor conditioning the types of employment and income generating possibilities available to women in the coping economy. The plight of women in other parts of the informal economy has been affected by a wide range of historical and contemporary factors. In particular the economic situation of Iraqi women today is women today are still strongly influenced by events and policies in the Saddam era.

Shifting Position of Women in the Iraqi Economy

In the 1920s and 1930s women in Iraq began working and accepting positions in the job market. In 1970 the Iraqi constitution under Saddam Hussein, declared all women and men equal before the law. The 1970s and early 1980s were years of economic growth in Iraq and state-sponsored policies focused on eradicating illiteracy, educate women and incorporate them into the labor force. Labor at the time was scarce and the Iraqi government, in contrast to Saudi Arabia, chose to tap into its own human resources and hire women. Women in Iraq became among the most educated and professional in the entire region, and working outside the home became the norm. For the most part, women during this period could find and retain jobs, obtain higher education, and receive extensive medical coverage.

As a result, prior to 1991 women constituted 23% of the work force which is high compared to neighboring countries in the Arab Region. A majority of women workers were middle level professionals – mainly in the public sector. If the official figures included women in involved in informal agricultural activities their share of the workforce would have been considerably higher[13].

The economic sanctions of the 1990s influenced women's economic contribution in several ways. On the one hand their share in the formal

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[12] Windows of Opportunity: The Pursuit of Gender Equality in Post-War Iraq, Women for Women International Briefing Paper (January 2005), p.9.

[13] ILO Multidisciplinary Mission to Iraq: 28 April – 5 May 2000 (Geneva: ILO, 2000) p. 4.

public sector employment increased. In part, this shift stemmed from a high male drop-out rate in the public sector as heads of households sought higher paying jobs in the private sector. Most women in public positions stayed on preferring the relative economic security provided by government. For those women not in the public sector, home based income generating activities increased rapidly as a coping strategy to combat the deteriorating standard of living experienced by most Iraqis during this period[14].

Overall however, the years of UN sanctions took a devastating toll on women, limiting their access to food, healthcare and education. As noted, before 1991, female literacy rates in Iraq were the highest in the region. Iraq had achieved nearly universal primary education for girls and boys. According to the United Nations the overall literacy rate for the nation has been cut in half, sinking from 80 percent in 1987 to 40 percent currently[15].

The social status of women also deteriorated in the 1990s. With an economy shattered by wars and international sanctions, the government encouraged people to turn toward religion, ushering a more conservative social climate. Saddam Hussein began to give more control to Sunni-based religions groups and tribes, particularly in Western Iraq in areas such as Ramadi, Fallujah, and Tikrit, where he was generally supported. Gradually, women's rights and freedoms began to be increasingly limited in order to appease religions and tribal groups[16].

Despite this conservative shift, Iraqi women who had known greater freedoms before this era were not completely constrained. Some members of this older generation continued to have access to the public sphere; some continued working outside the home, and others ran small businesses from their homes.

By the end of the 1990s, however, a number of gaps were appearing among women in the labor force:

A generation gap had emerged between older women who where literate, educated and worked outside the home and their daughters who

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[14] Ibid..

[15] Windows of Opportunity: The Pursuit of Gender Equali8ty in Post-War Iraq, Women for Women International Briefing Paper (January 2005), p.9.

[16] Ibid.

were not in the work force, often more socially conservative, and had not received the same level of education as their mothers.

Additionally, during the sanctions, middle-class Iraqi women who expressed allegiance to the Ba'athist party were offered opportunities including secure jobs and training. Many of those who refused to join the Ba'athist party were forced back to their homes, having lost their jobs.

In sum, by the end of the 1990s, the country had found in addition to oil another resource to waste – large segments of its female population.

As for the present, women appear to be beset with a number of old as well as new constraints[17]:

The new access to satellite dishes, Internet cafes and cell phones has given these young women a new window on the outside world. But creeping religious conservatism, lawlessness and economic uncertainty have also been conspiring against them in peculiar ways.

In particular, it appears that in the power vacuum left by the Ba'thists, religions conservatism is forcing women to stay indoors for long periods of time, wear hijab, if they do go out, and dissuade women from taking part in politics. A recent survey conducted by Iraq's Ministry of Education has shown the decreasing number of female students at the primary level. The survey conducted in the fall of 2004 and covered 2000 schools and educational establishments found that the number of registered students of almost one million has only 900,000 females[18].

The one bright spot for women is in the Kurdish north in Iraq. According to USA Today "Kurdish women travel there freely, hold high-level economic and political positions and have been critical to the region's revival. Kurdish women serve as judges, business owners and operators, and two regional government ministers are women[19].

As noted above, a large percentage of Iraqi women are widowed, divorced, or abandoned as a result of multiple wars. A significant

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[17] Quoted in Luke Thomas, "Women in Post-War Iraq and Afghanistan Digital Freedom Network (July 9, 2004).

[18] "Students Dropping Out of Schools in Iraq," Noozz.com (November 20, 2004).

[19] Quoted in Luke Thomas, "Women in Post-War Iraq and Afghanistan Digital Freedom Network (July 9, 2004).

number of Iraqi women are heads of households and their lack of income has serious consequences for the viability of their families and the economy as a whole[20]. Despite the need for income, a recent survey of Iraqi women indicated that 43.2% feel that women's work opportunities should be restricted[21].

The primary reason for limiting women's work was lack of security and stability (54.5%).

The second reason, given by a much smaller percentage of survey participants, was Iraqi traditions and customs (15.5%).

The third reason cited by participants was a lack of work opportunities (by 13.1%).

Interestingly, of the top three reasons given to limit women's participation in the workforce, current circumstances (security, stability and job availability) outweigh cultural concerns (Iraq tradition and customs) by more than four to one (67.6% to 15.5%).

More than half of the women surveyed saw no reason to limit their participation in the workforce, but willingness and opportunity are different measures. The overwhelming majority (87.3%) of women felt that they or others in their families did not have enough access to work opportunities, and most (62%) felt that there was no change in access to job opportunities in the last year.

The current difficulties faced by business women are best seen through their personal accounts:

> I graduated from the college of engineering, but I'm not working in my field. I first worked in a company as a typist, then as a secretary, and then I went to the analysis of tenders and offers. When I saw that I had enough capability to create my own business, I began to work for myself. I started small, but now I own a contracting company. Dealing with men is hard because many of them don't respect us and won't help us, because they think that we are competing with them and that we exploit our femininity[22].

> There are explosions everywhere, and we can't work after dark because it's dangerous, but what can we do? If I stay home my company will go

[20] Windows of Opportunity: The Pursuit of Gender Equality in Post-War Iraq, Women for Women International Briefing Paper (January 2005), p.9.

[21] Ibid.

[22] Quoted in Ali Al-Shouk, "Business in Iraq," Iraq Today (December 15, 2003).

broke for sure[23].

These and other accounts paint a picture of Iraq's informal economy as not all that different in many regards from that in many less developed countries, especially those experiencing some sort of instability or post-war transition. Again despite the many unique aspects of the Iraqi situation, international comparative studies provide some perspective on the patterns one might expect to unfold[24]:

The majority of women in the informal sector are own account traders and producers or casual and subcontract workers; relatively few are employers who hire paid workers.

Men and women tend to be involved in different activities or types of employment even within the same trades. Male traders tend to have larger scale operations and to deal in non-food items while female traders tend to have smaller scale operations and to deal in food items.

Average incomes of both men and women are lower in the informal sector than in the formal sector.

The gender gap in income/wages appears higher in the informal sector than in the formal sector and exists even when women are not wage workers.

Informal incomes worldwide tend to decline as one moves across the following types of employment: employer, self employed, casual wage worker, and sub-contract worker.

Women tend to be under-represented in high-income activities and over-represented in low income activities (notably subcontract work).

To sum up, the present infrastructure and security situation has negatively impacted women's economic opportunities. As violent conflict continues, female heads of household in particular face a significant economic burden as work in the formal sector, except for those fortunate to secure jobs in the pubic sector, has diminished. Women are more likely to work in the informal sector, selling products from home, catering, or in small scale agriculture. However, the constraints posed by inadequate electricity and water directly impact on

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[23] Ibid.

[24] Adapted from Martha Alter Chen, "Women in the Informal Sector: A Global Picture, the Global Movement," SAIS Review XXI:1 (Winter-Spring 2001), p.77.

the economic situation. The overwhelming majority of women are not earning any income. According to the women surveyed, 84.3% reported that they do not receive any financial compensation for their work[25].

It is probably safe to say that, in terms of numbers of women, the coping economy is considerably larger than it was towards the end of the Saddam Hussein regime. On the other hand, large numbers of women probably have slipped down the income scale from employers to casual workers. The overall average income level of women in the sector are therefore likely to be lower, both in absolute terms and relative to those women fortunate enough to work in the public sector.

Prospects for Women in the Informal Economy

What seems in store for women in the coping/informal economy? What are the links between being a woman, working in the informal sector and being poor? A high percentage of people working in the informal sector, relative to the formal sector are poor especially if they are women. However, there seems to be no simple relationship between working in the informal economy and being poor or working in the formal economy and escaping poverty.

One consequence of Saddam's war adventures and brutality is that women constitute 60% of Iraq's voting age population. Women benefited from the CPA's policy of paying all public sector employees salaries, which at times exceeded their pre-war levels by a factor of ten. Women are heavily represented in this sector as teachers and administrators. At the same time many men lost their source of income in industry and the military. This is creating a dynamic within Iraqi society. On the other hand, some religious activists who have come into the fore since the collapse of the regime are promoting policies, which would further circumscribe women's freedoms[26].

Still there are some encouraging signs. Many Iraqis are still dependent on subsidized goods, such as wheat, sugar and fuel, but spending on consumer goods has risen dramatically since April 2003 and this has had

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[25] "Windows of Opportunity: The Pursuit of Gender Equality in Post-War Iraq," Women for Women International Briefing Paper January 2005, p.17.

[26] Mary Kaldor and Yahia Said,"Regime Change in Iraq: Mission Report, The Centre for the Study of Global Governance (December 2003).

a positive knock-on effect on employment and salaries[27]. This expansion in consumption should provide numerous opportunities for women in the informal sector.

Overall, there are some very initial signs that the economy might be recovering. In an extensive poll in mid-January 2005 carried out by an affiliate to the ministry of planning, 61.3% said that their living standard was much better now. Respondents indicated that they had been able to purchase more food with their income than was the case two years ago. However, 26.9% said that the standard of living had not changed during the same period. Adding that they were still purchasing the same amount of foodstuff for the same family income they used to get before and after 2003. Yet, 68% of the participants also pointed out that the overall living standards was much better prior to 2003, while 16.5% said it was worse. Out of the 3313 Iraqis who took part in the survey, 64.3% said that they had expected more positive changes in the economy during the year. The survey also showed active participation of the Iraqis in the political process, where 46% said that they were now more than ever interested in politics[28].

Also encouraging is the fact that a number of innovative programs are being implemented that should assist women rising to higher incomes through progressing the ranks of casual wage worker, self-employed to employer. The World Bank has awarded a $50,000 grant from its Post-Conflict Fund to the Iraqi Widow's Organization (IWO) for a project to improve the livelihoods of young widows with children affected by the recent conflict and violence. The pilot project aims to boost widows' incomes in the city of Diwaniyah, south of Baghdad, by providing them with microcredit to start their own businesses and training to build skills needed in the job market[29].

A recent Iraqi-led study on the status and needs of women in the central governorate of Qadissiya, where Diwaniyah is located, revealed that female-headed households were the most vulnerable group. Approximately seven percent of women between the ages of 20-40 are

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[27] Simon Kitchen, "Shia Victory Underscores Uncertainty," Financial Times February 13, 2005.

[28] "Living Standards Have Improved In Iraq, Poll Says," Noozz.com January 31, 2005.

[29] Shaha Riza, "Post-Conflict Grant to Boost Iraqi Widows' Income Through Micro credit," worldbank.org (May 15, 2004).

widows, most of them with children. In response to their socio-economic challenge, the proposed project will train some 120 women to become self-reliant and develop small businesses through training and micro-credit[30].

The Iraqi Widow's Organization is a non-governmental organization (NGO) founded in June 2003. To date, it provided small loans and training to 300 women. Lack of funding, however, has prevented the NGO from extending assistance to other cities across Iraq in need of its services. Unfortunately, while small business loans may solve many of the problems faded by women in the informal sector, the commercial banking system is still unable to provide this service[31].

Assessment

Iraqi women in the informal sector face a difficult future the extent to which depends largely on their educational backgrounds, Ba'athist ties during the previous regime, the strength of various religious groups opposed to women pursuing activities outside of the household, and the areas in which they would like to pursue a career.

Older women with some education may find that their knowledge deteriorated considerably during the period of sanctions. They may have to be retrained before resuming work in their chosen area. Younger women may have to receive basic education before they can hope to aspire beyond the lower levels of the informal economy.

Women with higher level positions in the Ba'athist party during the 1990s may find that they are effectively barred from the public sector. No doubt many of these will also lack the skills and training to succeed in the informal economy, especially if it entails strong business skills and a willingness to assume some risk. In addition to constraints imposed by religious groups, credit would appear to be the main factor limiting women from running small businesses in the informal sector. While some micro-credit efforts are yielding encouraging results the ability and

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[30] Ibid..

[31] Cf. Robert Looney," Postwar Iraq's Financial System: Building from Scratch," Middle East Policy Xii:1 (Spring 2005), Pp.134-149.

willingness of the country and its banking system to development this area of support is in doubt.

Many matters related directly to women began coming to a head in 2005 with the drafting of the country's formal constitution. While numerous issues surround the constitution, those most affecting women center on the role of Islam, together with some specific issues concerning women's rights. There is wide agreement among Iraqis that Islam should be the nation's official religion, as it is in most of the region's constitutions. However there is considerable contention concerning the role given to *sharia*, or Islamic law.

Many religious Shiites want to see *sharia* acknowledged as the sole source of Iraq's law. These groups want the final constitution to state that sharia will govern marriage, divorce, inheritance and other so-called personal status issues for the nation's Muslims. Clearly a movement in this direction would jeopardize many rights granted to women by the previous regime. On the other, hand the Kurds and other secularists want sharia to be acknowledged as one of a number of sources of Iraq's law.

In addition, Shiite religious leaders want to reverse a 1959 law that settles domestic concerns – issues of marriage divorce and inheritance – in civil courts and move such matters to religions courts. Under an early draft of the constitution, women would be stripped of their rights to inherit property on an equal basis as men, and their legal protections in case of divorce would be wakened. Some women also fear that that their wish requiring that women hold at least 25 percent of the National Assembly seats will ultimately be denied.

Given the numeric strength of the Shiia and the rising strength of religious over secular groups, there is a good chance the final constitution will at a minimum require Islam to be a main source for legislation and that no law contradict Islamic standards. If Islam becomes the main source, then laws will be open to interpretation. If this is the case, marked regional differences in interpretation and enforcement will occur with the Kurdish and perhaps many Sunni areas retaining most existing women's rights, while in the Shiite areas women will see a clear decline in their legal status.

In sum, what happens to women in the new Iraq will be largely

controlled by developments in the formal, combat, and shadow economies, as well as the growing power of religious groups. The ultimate impact is likely to be regional specific with subtle differences established throughout the country. The over-all condition of women in the country will be a good barometer of the manner in which the country and its economy is likely to evolve over the next few years.

Based on some of the mechanisms implied in the discussion above, a wide number of scenarios are possible. However, because many of the forces at work in the Iraqi economy and society are pulling in different directions, especially as they relate to women, the number of possible outcomes are to numerous to explore in any detail. Three of the more likely courses of development are:

1. If the insurgency expands its operations, law and order and basic economic functions will be under continued stress. The shadow economy will expand through increased kidnappings, illegal trade and other criminal activities. Much of the shadow economy's gain will go toward funding the insurgency and the combat economy, creating an increasingly difficult vicious circle to break out of. Here the effect will be to expand the coping economy as more and more women retreat to household work, unable to find a job in the formal sector as well as viable informal work out of the household. As older women's skills further deteriorate and girls postpone school or drop out completely, women will increasingly occupy the lower echelons of an expanding informal economy. 30% chance.
2. The insurgency is gradually contained and with it the combat economy. However, high levels of corruption throughout the government will permit a thriving shadow economy. Government corruption, together with poor law and order will discourage large-scale foreign investment. The bureaucracy and thus formal job opportunities for women will open and expand somewhat, but employment will these will be restricted to certain groups. For others, the financial system will gradually recover, and expanded small-scale credit to educated, motivated women. Religion will have a growing strength, especially in light of massive corruption and crime. Women currently without much formal education or those girls ready for school will find limited opportunities for relevant training or access to rewarding employment. The coping economy will contract somewhat because of the generally better security and economic situation. However, this contraction will be

due mainly to women gradually withdrawing from the labor force rather than advancing in large numbers to the formal sector. 50% chance.

3. Democratic values begin to take hold and the insurgency fades away. While not Ba'athist, the government assumes many of the successful programs undertaken by the Ba'athists during the 1970s and early 1980s[32]. The state is largely secular, although religious groups maintain considerable power and influence. Education for both men and women is emphasized, with considerable funding available for better schools as well as improved health and sanitation. The child labor situation improves and women are able to take advantage of a wide range of employment opportunities outside of the home. Both the shadow and coping economies are gradually assimilated by the formal economy. 20% chance.

[32] For a detailed description of these programs see Robert Looney, "Return to Ba'thist Economics? Escaping Vicious Circles in Iraq," Orient 45:3 (2004), pp.385-400.